

**REQUEST FOR REVIEW AND/OR WAIVER BY PRINCETON SCHOOL DISTRICT 477  
(MINNESOTA) OF A FUNDING DECISION BY THE UNIVERSAL SERVICE ADMINISTRATIVE  
COMPANY**

CC Docket No. 02-6

Billed Entity No. 133615

Funding Year: 2016

FCC Form 471 No. 161031989

Funding Request No. 1699066153

To Whom it May Concern

On February 6, 2018, Princeton School District in Princeton, MN (BEN: 133615) received the attached "Commitment Adjustment Letter." An appeal to this decision was filed with USAC immediately on February 6, 2018 (Request Number: 89140). On May 16, 2018, the attached "Revised Funding Commitment Decision Letter" was received from USAC denying the appeal. **Based on the information outlined in this letter, we are asking the FCC to reverse the findings of USAC and fully reinstate the original funding commitment decision for FRN 1699066153 to \$123,819.78.**

According to both letters, the decision was based on the findings of a Payment Quality Assurance (PQA) Audit review (Case ID: SL-2016-11-Case-440) concluded on September 20, 2017. (see copy of findings attached) The PQA findings suggested that three of the schools in the Princeton School District were incorrectly categorized as "rural" and should have been classified as "urban." The letter cites the following definition of "urban"

*47 C.F.R. § 54.505(b)(3)(i) states: The Administrator shall designate a school or library as "urban" if the school or library is located in an urbanized area or urban cluster area **with a population equal to or greater than 25,000**, as determined by the most recent rural-urban classification by the Bureau of the Census. The Administrator shall designate all other schools and libraries as "rural."*

The US Census Bureau uses the following definitions for "Urban":

*For the 2010 Census, an urban area will comprise a densely settled core of census tracts and/or census blocks that meet minimum population density requirements, along with adjacent territory containing non-residential urban land uses as well as territory with low population density included to link outlying densely settled territory with the densely settled core. To qualify as an urban area, the territory identified according to criteria must encompass **at least 2,500 people**, at least 1,500 of which reside outside institutional group quarters. The Census Bureau identifies two types of urban areas:*

- *Urbanized Areas (UAs) of 50,000 or more people;*
- *Urban Clusters (UCs) of at least 2,500 and less than 50,000 people.*

By the **US Census Bureau** definition, Princeton, MN is, indeed, an urban cluster and the map of the Princeton, MN. urban cluster, numbered 72370, is attached and can be found at the following URL. The PQA reviewers did accurately discover that three of the four school sites in the Princeton School District are within the boundaries of the urban cluster.

[https://www2.census.gov/geo/maps/dc10map/UAUC\\_RefMap/uc/uc72370\\_princeton\\_mn/DC10UC72370.pdf](https://www2.census.gov/geo/maps/dc10map/UAUC_RefMap/uc/uc72370_princeton_mn/DC10UC72370.pdf)

However, what the PQA reviewers missed or did not notice was that the **population of the Princeton, MN urban cluster is well under the USAC definition**: "An individual school or library is designated as "urban" if located in an "Urbanized Area" or "Urban Cluster" with a population of 25,000 or more as determined by the U.S. Census Bureau."

**The population of the Princeton, MN urban cluster is 4942.** This information can be found at the following URL

[https://www2.census.gov/geo/docs/reference/ua/ua\\_list\\_all.txt](https://www2.census.gov/geo/docs/reference/ua/ua_list_all.txt)

While this does qualify the area as an urban cluster under Census Bureau definitions, it **does not meet** the USAC definition for urban and therefore, **we ask that the findings be reversed and the Funding Commitment Adjustment be dismissed entirely returning the FRN to the original funding amount of \$123,819.78.**

Additionally, we have provided a screenshot (attached) showing the rural/urban status as it appears for all entities under the Princeton, MN school district using the USAC rural/urban lookup tool. All entities appear as rural entities.

Thank you,  
Jasen Webb  
Technology Coordinator  
[jasen.webb@isd477.org](mailto:jasen.webb@isd477.org)  
763-389-7253

The following pages are the original "Commitment Adjustment Letter" dated February 6, 2018.



## Commitment Adjustment Letter

Eric Simmons  
PRINCETON SCHOOL DISTRICT  
477  
706 1ST ST  
PRINCETON, MN 55371

02/06/2018

Our review of your Schools and Libraries Universal Service Support Program (or E-rate) funding request has determined funds were committed in violation of Federal Communications Commission (FCC) rules. You have 60 days from the date of this letter to appeal the following decision(s). For more detailed information see below.

**Total commitment adjustment:** \$20,636.63

**Total amount to be recovered:** \$20,636.63

FCC Form 471	FRN	Commitment adjustment	Total amount to be recovered	Explanation(s)	Party to recover from
161031989	1699066153	\$20,636.63	\$20,636.63	Incorrect discount percentage or unsupported discount percentage	BEN

See Attached Adjustment Report for more information on the specific FRNs and Explanations listed above.

### Commitment Adjustment

FCC rules require the Universal Service Administrative Company (USAC) to rescind commitments and recover funding when it is determined that funding was committed and disbursed in violation of the rules. This letter notifies you that USAC will be adjusting your funding commitment(s) and provides information on how to appeal this decision.

This is NOT a bill. If disbursed funds need to be recovered, USAC will issue a Demand Payment Letter. The debt referenced in the Demand Payment Letter will be due within 30 days of that letter's date. Failure to pay the debt may result in interest, late payment fees, and administrative charges and will invoke the FCC's "Red Light Rule."

### FCC's Red Light Rule

The FCC Red Light Rule requires USAC to dismiss pending FCC Form 471 applications, appeals, and invoices or to net disbursements offsetting the debt if the entity responsible for paying the outstanding debt owed to the FCC has not paid the debt or made satisfactory arrangements to pay the debt within 30 days of the Demand Payment Letter. For information on the Red Light Rule, see

<https://www.fcc.gov/licensing-databases/fees/debt-collection-improvement-act-implementation>.

### To Appeal This Decision

If you wish to contest any part of this letter, you must first file an appeal with USAC to seek review of the decision. Parties that have filed an appeal with USAC and received an adverse decision may, if they choose, appeal USAC's decision to the FCC. Parties seeking a waiver of a codified FCC rule should file a request for waiver directly with the FCC because



USAC cannot waive FCC rules. Your appeal to USAC or waiver request to the FCC must be filed within 60 days of the date of this letter.

All appeals filed with USAC must be filed in EPC by selecting "Appeal" from the menu in the top right hand corner of your landing page and providing the requested information.

Your appeal should include the following information. (Because you file the appeal through your EPC account, the system will automatically fill in some of these components for you).

- 1) Name, address, telephone number, and email address for the contact person for this appeal.
- 2) Indicate specifically that your letter is an appeal. Include the following to identify the USAC decision letter (e.g., Commitment Adjustment Letter) and the decision you are appealing:
  - a. Appellant name;
  - b. Applicant name and service provider name, if different from appellant;
  - c. Applicant BEN and Service Provider Identification Number (SPIN);
  - d. FCC Form 471 Application Number and the Funding Request Number (FRN) or Numbers as assigned by USAC;
  - e. "Commitment Adjustment Letter," AND the exact text or the decision that you are appealing.
- 3) Identify the problem and the reason for the appeal and explain precisely the relief sought. Please keep your appeal to the point, and provide supporting documentation. Be sure to keep a copy of your entire appeal, including any correspondence and documentation. A copy will automatically be saved for you in EPC. USAC will reply to your appeal submission to confirm receipt.

For more information on submitting an appeal to USAC including step by step instructions on how to file the appeal through EPC, please see "Appeals" in the Schools and Libraries section of the USAC website.

As mentioned, parties seeking a waiver of FCC rules or that have filed an appeal with USAC and received a decision may file a request for waiver or appeal USAC's decision to the FCC. Waiver requests or appeals to the FCC must be made within 60 days of the issuance of USAC's decision and include all of the information referenced above for appeals to USAC.

The FCC recommends filing appeals or waiver requests with the Electronic Comment Filing System (ECFS) to ensure timely filing. Electronic waiver requests or appeals will be considered filed on a business day if they are received at any time before 11:59 PM ET. If you have questions or comments about using the ECFS, please contact the FCC directly at (202) 418-0193.

For more information about submitting waiver requests or appeals to the FCC, including options to submit the waiver request or appeal via U.S. mail or hand delivery, visit the FCC's website.

Schools and Libraries Division



### Adjustment Report

FCC Form 471 Application Number:	161031989
Funding Request Number:	1699066153
Commitment Adjustment:	\$20,636.63
Total Amount to Be Recovered:	\$20,636.63
Explanation(s):	Incorrect discount percentage or unsupported discount percentage
Party to Recover From:	BEN
Funding Year:	2016
Billed Entity Number:	133615
Services Ordered:	Internal Connections
Service Provider Name:	Tech Check, LLC
SPIN:	143024168
Original Funding Commitment:	\$123,819.78
Adjusted Funding Commitment:	\$103,183.15
Funds Disbursed to Date:	\$123,819.78

### Funding Commitment Adjustment Explanation:

After a thorough investigation, it was determined that the funding commitment for this request must be reduced by \$20,636.63 and USAC will seek recovery of any improperly disbursed funds from the applicant. On the original FCC Form 471, the applicant was approved at a 60 percent discount. FCC rules indicate that the level of poverty shall be measured by the percentage of the student enrollment that is eligible for a free or reduced price lunch under the National School Lunch Program or a federally-approved alternative mechanism. The applicant is only eligible to receive a 50 percent discount due to the reclassification of entities: NORTH ELEMENTARY SCHOOL 64183, PRINCETON HIGH SCHOOL 64186, and SOUTH ELEMENTARY SCHOOL 64187 from Rural to Urban. This determination was based on the PQA audit results.



The following pages are the “Revised Funding Commitment Decision Letter” dated May 16, 2018.



May 16, 2018

## Revised Funding Commitment Decision Letter

### Funding Year 2016

#### Contact Information:

Eric Simmons  
PRINCETON SCHOOL DISTRICT 477  
706 1ST ST  
PRINCETON, MN 55371  
[eric.simmons@isd477.org](mailto:eric.simmons@isd477.org)

**BEN:** 133615

**Post Commitment Wave:** 49

## Totals

Original Commitment Amount	\$123,819.78
<b>Revised Commitment Amount</b>	<b>\$103,183.15</b>

## What is in this letter?

Thank you for submitting your post-commitment request for **Funding Year 2016 Schools and Libraries Program (E-rate) funding**. Attached to this letter, you will find the revised funding statuses and/or post commitment changes to the original Funding Commitment Decision Letter (FCDL) you received. Below are the changes that were made:

- Appeals

The Universal Service Administrative Company (USAC) is providing this information to both the applicant(s) and the service provider(s) so that all parties are aware of the post-commitment changes related to their funding requests and can work together to complete the funding process for these requests.

## Next Steps

1. **File the FCC Form 486**, Service Confirmation and Children's Internet Protection Act (CIPA) Certification Form, for any FRNs included in this RFCDL, if you have not already done so. Please review the CIPA requirements and file the form(s).



**BEN Name:** PRINCETON SCHOOL DISTRICT 477  
**BEN:** 133615  
**Post Commitment Wave:** 49

- o **If USAC approved funding on an FRN in your original FCDL**, the deadline to submit the FCC Form 486 is 120 days from the date of the original FCDL or from the service start date (whichever is later).
  - o **If a new FRN was created for this RFCDL or funding was not approved on an FRN in your original FCDL but is approved in this RFCDL**, the deadline to submit the FCC Form 486 is 120 days from the date of this RFCDL or from the service start date (whichever is later).
2. **Invoice USAC**, if you or your service provider have not already done so. Work with your service provider(s) to determine if your bills will be discounted or if you will request reimbursement from USAC after paying your bills in full.
- **If you (the applicant) are invoicing USAC:** You must pay your service provider(s) the full cost for the services you receive and file the [FCC Form 472](#), the Billed Entity Applicant Reimbursement (BEAR) Form, to invoice USAC for reimbursement of the discounted amount.
  - **If your service provider(s) is invoicing USAC:** The service provider(s) must provide services, bill the applicant for the non-discounted share, and file the [FCC Form 474](#), the Service Provider Invoice (SPI) form, to invoice USAC for reimbursement for the discounted portion of costs. Every funding year, service providers must file an [FCC Form 473](#), the Service Provider Annual Certification Form, to be able to submit invoices and to receive disbursements.
  - **To receive an invoice deadline extension, the applicant or service provider** must request an extension on or before the last date to invoice. **If you anticipate, for any reason, that invoices cannot be filed on time**, USAC will grant a one-time, 120-day invoice deadline extension if timely requested.

## How to Appeal or Request a Waiver of a Decision

You can appeal or request a waiver of a decision in this letter **within 60 calendar days** of the date of this letter. Failure to meet this deadline will result in an automatic dismissal of your appeal or waiver request.

**Note:** The Federal Communications Commission (FCC) will not accept appeals of USAC decisions that have not first been appealed to USAC. However, if you are seeking a waiver of E-rate program rules, you must submit your request to the FCC and not to USAC. USAC is not able to waive the E-rate program rules.

- **To submit your appeal to USAC**, visit the Appeals section in the [E-rate Productivity Center \(EPC\)](#) and provide the required information. USAC will reply to your appeal submissions to confirm receipt. Visit USAC's [website](#) for additional information on submitting an appeal to USAC, including step-by-step instructions.
- **To request a waiver of the FCC's rules or appeal USAC's appeal decision**, please submit it to the FCC in proceeding number CC Docket No. 02-6 using the [Electronic Comment Filing System](#) (ECFS). Include your contact information, a statement that your filing is a waiver request,





**BEN Name:** PRINCETON SCHOOL DISTRICT 477  
**BEN:** 133615  
**Post Commitment Wave:** 49

identifying information, the FCC rule(s) for which you are seeking a waiver, a full description of the relevant facts that you believe support your waiver request and any related relief, and any supporting documentation.

For appeals to USAC or to the FCC, be sure to keep a copy of your entire appeal, including any correspondence and documentation, and provide a copy to the affected service provider(s).

## Obligation to Pay Non-Discount Portion

Applicants are required to pay the non-discount portion of the cost of the eligible products and/or services to their service providers. Service providers are required to bill applicants for the non-discount portion of costs for the eligible products and/or services. The FCC stated that requiring applicants to pay the non-discounted share of costs ensures efficiency and accountability in the program. If using the BEAR invoicing method, the applicant must pay the service provider in full (the non-discount plus discount portion) **before** seeking reimbursement from USAC. If using the SPI invoicing method, the service provider must first bill the applicant **before** invoicing USAC.

## Notice on Rules and Funds Availability

The applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the Schools and Libraries Program and the FCC's rules. Applicants who have received funding commitments continue to be subject to audits and other reviews that USAC and/or the FCC may undertake periodically to assure that funds that have been committed are being used in accordance with such requirements. USAC may be required to reduce or cancel funding commitments that were not issued in accordance with such requirements, whether due to action or inaction, including but not limited to that by USAC, the applicant, or the service provider. USAC, and other appropriate authorities (including but not limited to the FCC), may pursue enforcement actions and other means of recourse to collect improperly disbursed funds.





**BEN Name:** PRINCETON SCHOOL DISTRICT 477  
**BEN:** 133615  
**Post Commitment Wave:** 49

## Revised Funding Commitment Decision Overview

### Funding Year 2016

Funding Request Number (FRN)	Service Provider Name	Request Type	Revised Committed	Review Status
1699066153	Tech Check, LLC	Appeals	\$103,183.15	Denied



**BEN Name:** PRINCETON SCHOOL DISTRICT 477

**BEN:** 133615

**Post Commitment Wave:** 49

<b>Post Commitment Request Number:</b>	<b>Post Commitment Request Type:</b>	<b>Post Commitment Decision:</b>
89140	Appeals	Denied

<b>FRN:</b>	<b>Service Type:</b>	<b>Original Status:</b>	<b>Revised Status:</b>
1699066153	Internal Connections	Funded	Funded
<b>FCC Form 471: 161031989</b>			

<b>Dollars Committed</b>			
<b>Monthly Cost</b>		<b>One-Time Cost</b>	
Months of Service	5		
Total Eligible Recurring Charges	\$0.00	Total Eligible One Time Charges	\$206,366.30
Total Pre-Discount Charges		\$206,366.30	
Discount Rate		50.00%	
Revised Committed Amount		\$103,183.15	

<b>Dates</b>		<b>Service Provider and Contract Information</b>	
Service Start Date	7/1/2016	Service Provider	Tech Check, LLC
Contract Expiration Date	11/1/2016	SPIN (498ID)	143024168
Contract Award Date	4/7/2016	Contract Number	3
Service Delivery Deadline	9/30/2017	Account Number	KOIKQ6482
Expiration Date (All Extensions)		Establishing FCC Form 470	160025468

<b>Consultant Information</b>	
Consultant Name	
Consultant's Employer	
CRN	

<b>Revised Funding Commitment Decision Comments:</b>
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<b>Post Commitment Rationale:</b>
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After a thorough investigation, USAC determined to reduce the funding commitment for this request by \$20,636.63 and USAC will seek recovery of any improperly disbursed funds from the applicant. On the original FCC Form 471, the applicant was approved at a 60 percent discount. FCC rules indicate that the level of poverty shall be measured by the percentage of the student enrollment that is eligible for a free or reduced price lunch under the National School Lunch Program or a federally-approved alternative mechanism. The applicant is only eligible to receive a 50 percent discount due to the reclassification of entities: North Elementary School 64183, Princeton High School 64186, and South Elementary School 64187 from Rural to Urban. This determination was based on the PQA audit results. Your appeal did not show that USAC's determination was incorrect. Consequently, your appeal is denied. IFCC rules



**BEN Name:** PRINCETON SCHOOL DISTRICT 477

**BEN:** 133615

**Post Commitment Wave:** 49

provide that the discount available to an applicant is determined by indicators of poverty and high cost. For schools and school districts, the level of poverty is based on the percentage of the student enrollment that is eligible for a free or reduced price lunch under the National School Lunch Program (NSLP) or a federally-approved alternative mechanism. Alternatively, the level of poverty is measured according to participation in Medicaid, Food Stamps, Supplementary Security Income (SSI), Federal Public Housing Assistance or Section 8, or Low Income Home Energy Assistance Program (LIHEAP). See Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 9045, FCC 97-157 para. 510, n.1334 (rel. May 8, 1997). Schools and school districts that are participating in the NSLP community eligibility provision (CEP) will use the same approach for determining their E-rate discount rate as they use for determining their NSLP reimbursement rate. Specifically, schools utilizing the CEP shall calculate their student eligibility for free or reduced priced lunches by multiplying the percentage of directly certified students by the CEP national multiplier. See In the Matter of Modernizing the E-rate Program for Schools and Libraries, WC Docket No. 13-184, Report and Order and Further Notice of Proposed Rulemaking, FCC 14-99 para. 225 (rel. Jul. 23, 2014). School districts shall divide the total number of students eligible for the NSLP within the school district by the total number of students within the school district to arrive at a percentage of students eligible. Independent charter schools, private schools, and other eligible educational facilities should calculate a single discount percentage rate based on the total number of students under the control of the central administrative agency. See 47 C.F.R. sec. 54.505(b)(1). For libraries and library systems, the level of poverty is based on the percentage of the student enrollment that is eligible for a free or reduced price lunch under the national school lunch program or a federally-approved alternative mechanism in the public school district in which they are located. When a library system has branches or outlets in more than one public school district, that library system and all library outlets within that system should use the address of the central outlet or main administrative office to determine which school district the library system is in, and should use that school district's level of poverty to determine its discount rate. See 47 C.F.R. sec. 54.505(b)(2). Consortia members shall calculate their discounts by calculating a simple average of the applicable discounts of all consortia member school districts and libraries. See 47 C.F.R. sec. 54.505(b)(4). An applicant's discount rate is determined by reference to a matrix based upon the level of poverty and whether the entity is classified as rural or urban as determined by the most recent Bureau of the Census rural-urban classification. Urban designation if the entity is located in an urbanized area or urban cluster area with a population equal to or greater than 25,000, while all other entities shall be designated as rural. Any school district that has a majority of schools in a rural area qualifies for the additional rural discount. See 47 C.F.R. sec. 54.505(b)(3)(i)-(ii).



Below are the findings of the Payment Quality Assurance (PQA) Audit review (Case ID: SL-2016-11-Case-440) concluded on September 20, 2017. This is where the reviews incorrectly determined that Princeton, MN was an urban area. Based on actual census data, the population of the defined urban cluster is far below (4,942) the 25,000 threshold used by USAC.



Universal Service  
Administrative Co.

## PAYMENT QUALITY ASSURANCE PROGRAM

### Notification of Federal Universal Service Fund Schools and Libraries Program Payment Quality Assessment Closed

**CASE ID:** SL-2016-11-Case-440

**September 20, 2017**

Dear Simmons Eric,

On January 27, 2017 you were notified that USAC would conduct, pursuant to its authority under 47 C.F.R. § 54.707, a Payment Quality Assurance (PQA) assessment of the Schools and Libraries Program payment identified below.

**CASE ID:** SL-2016-11-Case-440

**BEN:** 133615

**BENEFICIARY:** PRINCETON SCHOOL DISTRICT 477

**FRN:** 1699066153

**SPIN:** 143024168

**SERVICE PROVIDER:** Tech Check LLC

**FUNDING YEAR:** 2016

**SLC INVOICE #:** 2456655

**CUSTOMER BILLED DATE:** N/A

**CUSTOMER SERVICE PRODUCT DELIVERY DATE:** 7/1/2016

**DISBURSEMENT AMOUNT:** \$123,819.78

**DISBURSEMENT DATE TO SERVICE PROVIDER:** 11/28/2016

We noted the exceptions and the actions to be taken below.

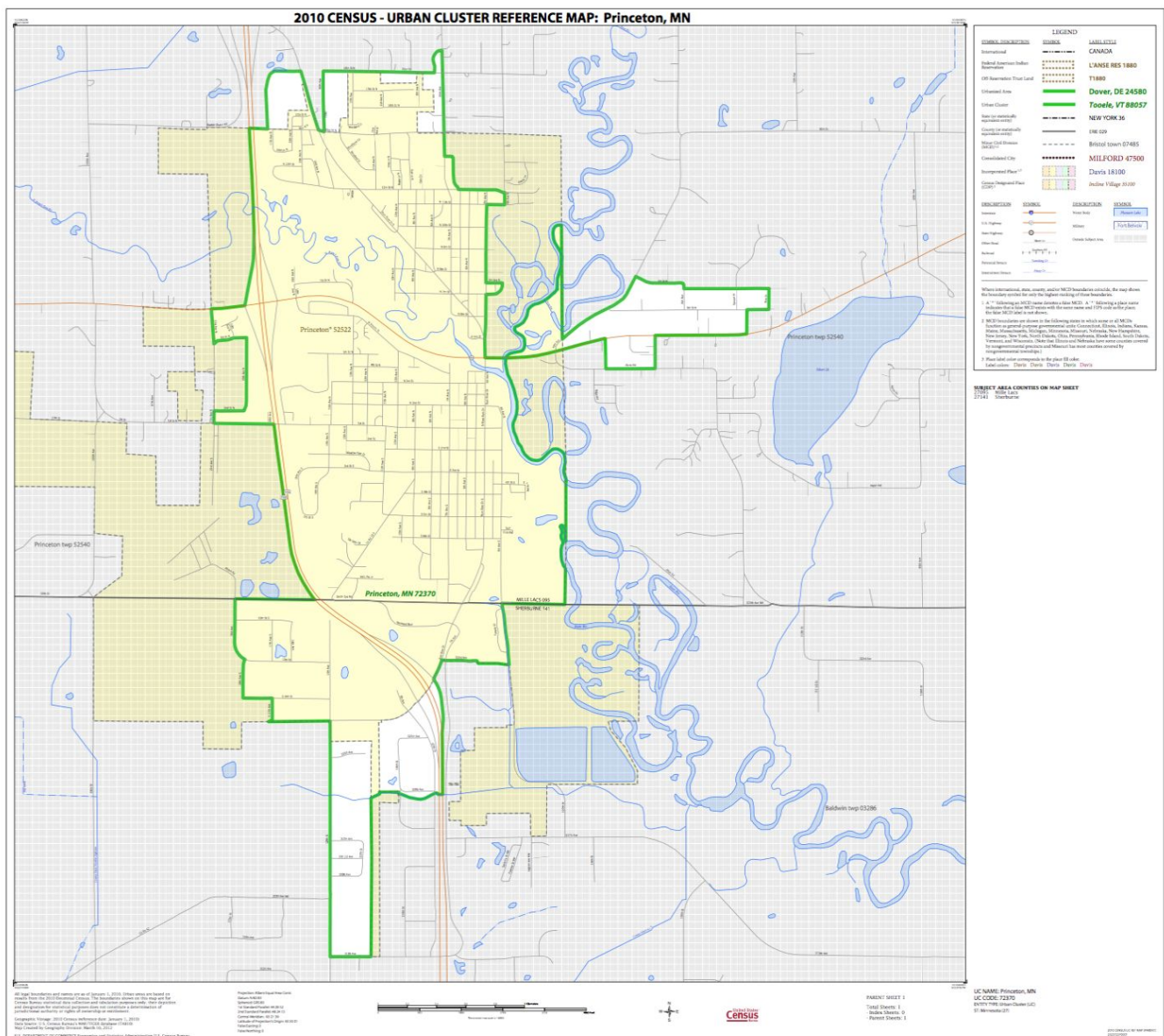
As part of the PQA assessment process, we examined documentation to ensure the Princeton School District 477 properly calculated its discount percentage. Our review of the documentation indicated that the Princeton School District 477 incorrectly identified the rural/urban classification of 3 schools on FCC Form 471 for FRN #1699066153. This resulted in an overpayment of \$20,636.63.

47 C.F.R. § 54.505(b)(3)(i) states: The Administrator shall designate a school or library as "urban" if the school or library is located in an urbanized area or urban cluster area with a population equal to or greater than 25,000, as determined by the most recent rural-urban classification by the Bureau of the Census. The Administrator shall designate all other schools and libraries as "rural."

The Schools and Libraries Program will further review the exception and may seek recovery consistent with the FCC Rules and Orders. If a notification letter is sent to you by the Schools and Libraries Program, it will also describe your appeal rights and the appeal process.

**USAC - Payment Quality Assurance Program**

This is the 2010 census map (from the US Census Bureau) of the Princeton, MN Urban Cluster (72370). The population data for this Urban Cluster indicates a population of 4,942 which is well below the 25,000 threshold for the USAC definition of an urban school or school district.



Below are the entities for the Princeton, MN school district as they appear in the USAC Urban/Rural look up tool found at: <https://sltools.universalservice.org/portal-external/urbanRuralLookup/>

It shows that all entities of the Princeton, MN school districts (BEN: 133615) are classified as Rural.

Lookup Urban/Rural Status

The percentages of your entities in each status are:

Rural (R):	100%
Urban (U):	0%
Cannot be determined (?):	0%

Eligible for **RURAL** discount based on entities entered.

## Results

Entity Number	Name	Street Address	Type	Status	
64183	NORTH ELEMENTARY SCHOOL	1202 7TH AVE N PRINCETON, MN 55371	SCHOOL	R	×
64185	PRINCETON MIDDLE SCHOOL	606 3RD ST S PRINCETON, MN 55371	SCHOOL	R	×
64186	PRINCETON HIGH SCHOOL	807 8TH AVE S PRINCETON, MN 55371	SCHOOL	R	×
64187	SOUTH ELEMENTARY SCHOOL	805 8TH AVE S PRINCETON, MN 55371	SCHOOL	R	×
133615	PRINCETON SCHOOL DISTRICT 477	706 1ST ST PRINCETON, MN 55371	DISTRICT	R	×

If you believe that any rural or urban status displayed in the table is incorrect or you would like more information, please call the Client Service Bureau at 1-888-203-8100.